

[Form of letter of intent for wind projects]

[Date], 2001

Mr. David Freeman
Chairman
California Consumer Power
and Conservation Financing Authority
Sacramento, California

Subject: [DEVELOPER NAME] and California Consumer Power and Conservation
Financing Authority Letter of Intent

Dear Mr. Freeman:

This Letter of Intent reflects the intention of [DEVELOPER NAME] ("Developer") and California Consumer Power and Conservation Financing Authority (the "Authority") to proceed to negotiate in good faith a definitive agreement for the sale of energy by the Developer and the purchase of energy by the Authority of the Facility with an option to purchase the Facility described in the attachments hereto on the basis of the terms and conditions set forth therein. This Letter of Intent is not binding on either party and is subject in all cases to the development of a final, definitive agreement between the parties to purchase the Facility. This Letter of Intent shall expire [DATE].

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed and delivered this letter agreement as of [MONTH][DAY], 2001.

DEVELOPER

By: _____
Developer
Title: _____
Date: _____

ACCEPTED AND AGREED on
[MONTH][DAY], 2001

**CALIFORNIA CONSUMER POWER AND CONSERVATION FINANCING
AUTHORITY**

By: _____
Name
Title: _____
Date: _____

ATTACHMENT A

The following is a non-binding summary of certain terms and conditions for the definitive Agreement.

Parties	California Consumer Power and Conservation Financing Authority (“Authority”) and Developer (“Developer”).
Description of Generating Plant and Ancillary Facilities (the “Facility”)	Developer is developing [X] MW facility consisting of [EQUIPMENT TYPE] located at [SITE NAME AND ADDRESS]. Ancillary facilities include [DESCRIBE].
Power Purchase Price:	\$_____per MWh for a ten-year term.
Facility Purchase Price:	\$_____. Option to purchase Facility in year eleven.
Real Property	[Lease/Lease Term][Fee Purchase]
Facility Commercial Operation Date	[DATE]
Guaranteed Capacity	[NUMBER] kilowatts, net at assumed average annual wind conditions

ATTACHMENT B

The following is a non-binding summary of the expected scope of work to be incorporated as part of the terms and provisions of a definitive agreement that should be taken into account by Developer in establishing the Power Purchase Price and Facility Purchase Price set forth in Attachment A .

Overview

The Authority will enter into an agreement (the “Agreement”) to purchase energy from the Facility for a ten-year term with an option to purchase the Facility at a fixed purchase price in year eleven.

Recourse against the Authority under the Agreement will be limited solely to a payments payable with respect to the Facility pursuant to a power purchase agreement with Department of Water Resources for the Department of Water Resources Electric Power Fund separate and apart from its powers and responsibilities with respect to the State Water Resources Development System (in such capacity, "DWR"). The Agreement shall not be deemed to constitute a debt or liability of the State of California or of any political subdivision thereof, other than the Authority, or a pledge of the faith and credit of the State or of any political subdivision, but shall be payable solely from the funds provided therefor in the Agreement. The entering into the Agreement shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

DWR’s obligation to make payments under a power purchase agreement with the Authority shall be limited solely to the DWR Electric Power Fund. Any liability of DWR arising in connection with such power purchase agreement or any claim based thereon or with respect thereto, and any other payment obligation or liability of or judgment against DWR thereunder, shall be satisfied solely from such Fund. Neither the full faith and credit nor the taxing power of the State of California are or may be pledged for any payment under any such power purchase agreement. Revenues and assets of the State Water Resources Development System shall not be liable for or available to make any payments or satisfy any obligation arising under any such power purchase agreement.

Development Scope of Work

- Obtain site lease or purchase option including potential construction laydown and parking areas.
- Obtain necessary rights of way and easements for site access and for interconnections up to utility scope.
- Perform all necessary engineering for feasibility study, permitting and financing purposes.
- Perform geo-technical and Environmental Phase I and Phase II studies.

- Prepare, submit, support successful receipt of all environmental permits including CEQA (CEC or other jurisdiction).
- Prepare, submit, support successful receipt of all CAISO metering and other agreements.
- Prepare, submit, support successful receipt of all electric and interconnection agreements.
- Prepare detailed Project Description.
- Obtain preliminary commitments from major equipment suppliers including performance guarantees, schedule, cost and long term service.

Construction Scope of Work

- Arrange construction financing.
- Diligently perform all engineering, design, construction, testing and startup of the plant, including interconnection to all points of interconnection, all in accordance with Accepted Electrical Practices, the Project Description, all project agreements, permits and the project schedule, providing Authority with a complete Facility on or before the scheduled substantial completion date.
- Perform detailed design of the Facility consistent with the Project Description, including design review and comment by Authority on design.
- Design the Facility to meet site seismic conditions.
- Provide for fee ownership of the site or a site lease for the useful life of the Facility.
- Procure all necessary equipment, supplies and services necessary to complete the project consistent with preferred suppliers list, the Project Description and the project schedule.
- Provide transmission interconnections and coordinate design and construction of plant interconnections with those of the interconnecting utilities, and obtain approval from these utilities where necessary.
- Coordinate design and construction with federal, state and local regulatory agencies as required in the permits.
- Obtain all construction related permits including access, transportation, building permits, etc.
- Construct the Facility, including hiring of labor and subcontractors, performing construction management, scheduling, equipment receipt, installation, startup and testing per the Project Description and the project schedule.
- Establish procedures for Authority design review and supervision and review during construction period.

- Comply with Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code in constructing the Facility.

Exhibits

- Project Description
 - ◆ Description
 - Site information, location/routing/length of interconnects
 - ◆ Performance Requirements
 - Availability
 - ◆ Environmental Performance Requirements
 - Noise
 - ◆ Operation and Maintenance Requirements
 - ◆ Plant System Design Description
 - ◆ Scope of Work
 - Responsibilities of Contractor
 - Responsibilities of the Authority
 - ◆ Design Criteria
 - ◆ Preferred Suppliers
 - ◆ Detailed Requirements
 - Civil and Structural Systems
 - Mechanical Systems
 - Electrical and Control Systems
 - ◆ Major Equipment Specifications
 - ◆ Construction Specifications
 - ◆ Quality Assurance Requirements
 - ◆ Plant Startup, Acceptance and Guarantees
 - ◆ Attachments
 - Terminal points
 - Wind Analysis
 - Geotechnical Investigation Report
 - Phase I and II Environmental Studies
 - Preferred Suppliers List

- Environmental Permits
- ◆ County/City Conditional Use Permit
- Electrical Interconnection Agreement
- Gas Interconnection Agreement
- Jobsite Legal Description
- Exclusions from Developer's Scope
- Construction Schedule
- Performance Tests, Guarantees and Liquidated Damages
- Insurance Requirements
- Letter of Credit Requirements
- Developer Form of Parent Guaranty